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Half year results to 31 October 2016

Consistent delivery from strong business model

8 December 2016

The Power of Less®

Introduction

Consistent delivery due to strong business model

- Consistent volume growth
  - Organic volume +2.9%
  - All regions in growth
    - Supported by e-commerce and pan-European customers

- Good profit growth from acquisitions and organic growth
  - Pro-active cost management

- Delivering for all stakeholders
  - Delivering against all financial KPIs
  - Delivering for customers, employees and the environment

- Strengthening the business
  - Display business – acquired three specialist businesses since the start of the financial year, plus a greenfield site opened
  - Completion of Gopaca – building our presence in Iberia
  - Proposed acquisition of Parish Manufacturing Inc.

- Dividend +15%

Another period of strong delivery

Volume growth	Return on sales	Return on average capital employed(1)	Net debt / EBITDA(2)	Earnings per share
+2.9%	+10 bps	+10 bps	1.9x	+9%

Note – all figures on a constant currency basis, before exceptional items and amortisation
Comparison to H1 2015/16
(1) 12 month rolling
(2) In accordance with covenant calculations

Financial review
Adrian Marsh, CFO

Consistent delivery against medium term targets

Metric	Medium-term target	H1 2016/17		Progress
Volume growth[1]	GDP[2] + 1% = 2.8%	2.9%	✓	Growing ahead of the target
Return on sales[3]	8% - 10%	9.6%	✓	+10bps, in target range
ROACE[4]	12% - 15%	15.1%	✓	+10bps, above top of range
Cash conversion[5]	≥100%	129%	✓	Ahead of target
Net debt / EBITDA[6]	≤2.0x	1.9x	✓	In target range

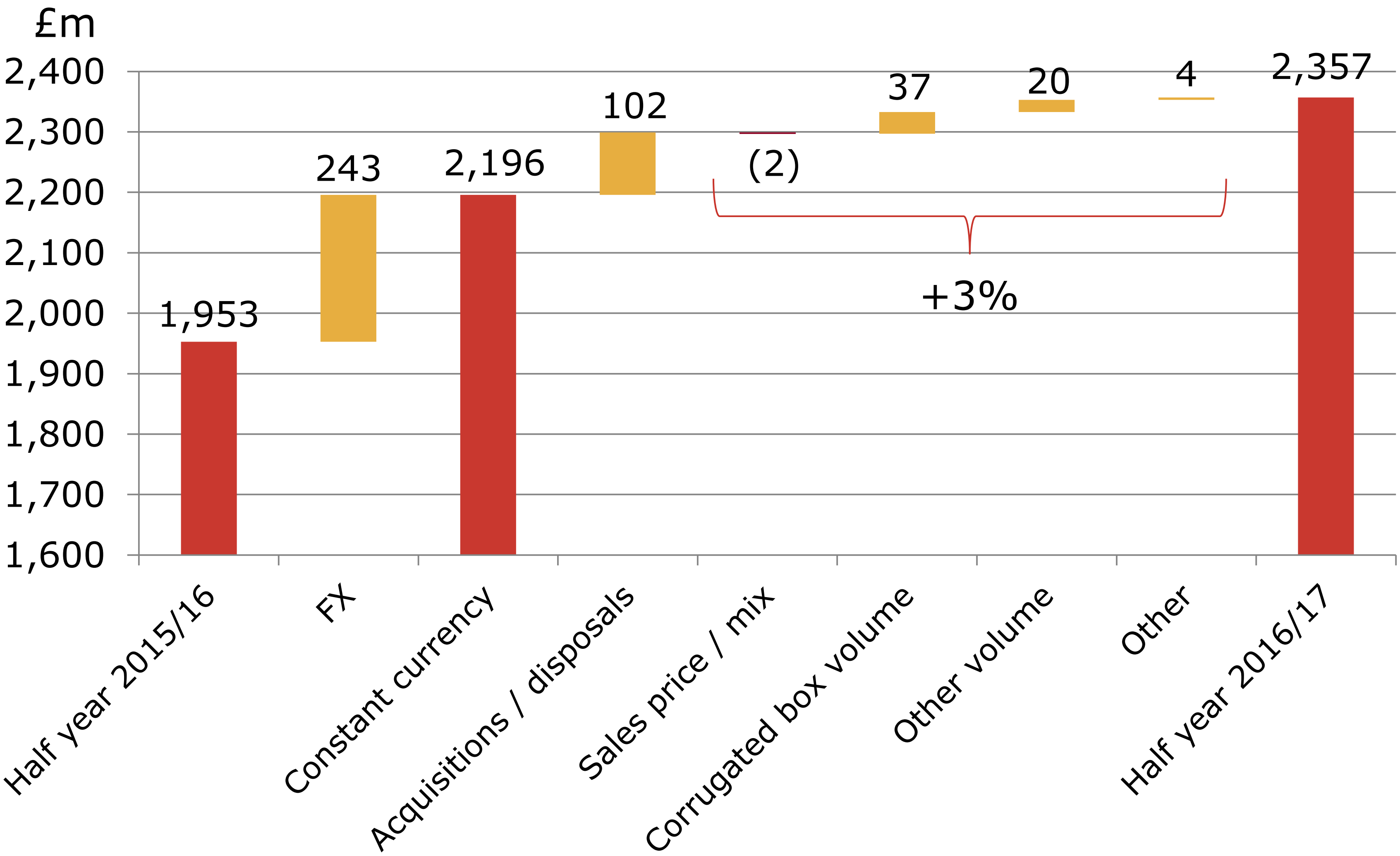
(1) Corrugated box volumes, adjusted for working days, on a like-for-like basis.
(2) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country for the period April 2016– September 2016 = 1.8%. Source: Eurostat (15 November 2016).
(3) Calculated on operating profit before amortisation and exceptional items .
(4) Operating profit before amortisation and exceptional items as a percentage of the average monthly capital employed over the previous 12 month period.
(5) Free cash flow before tax, net interest, growth capital expenditure and pension payments as a percentage of operating profit before amortisation and exceptional items.
(6) Calculation as defined by the Group’s banking covenants.

Financial highlights

Continuing operations	H1 2016/17	Change vs. H1 2015/16 *constant currency*
Revenue (£m)	2,357	+7%
Operating profit[1] (£m)	226	+9%
Return on sales	9.6%	+10bps
Adjusted EPS[1]	16.4p	+9%
Dividend per share	4.6p	15%
Asset turnover[2]	1.6x	(4%)
Return on average capital employed[1]	15.1%	+10bps

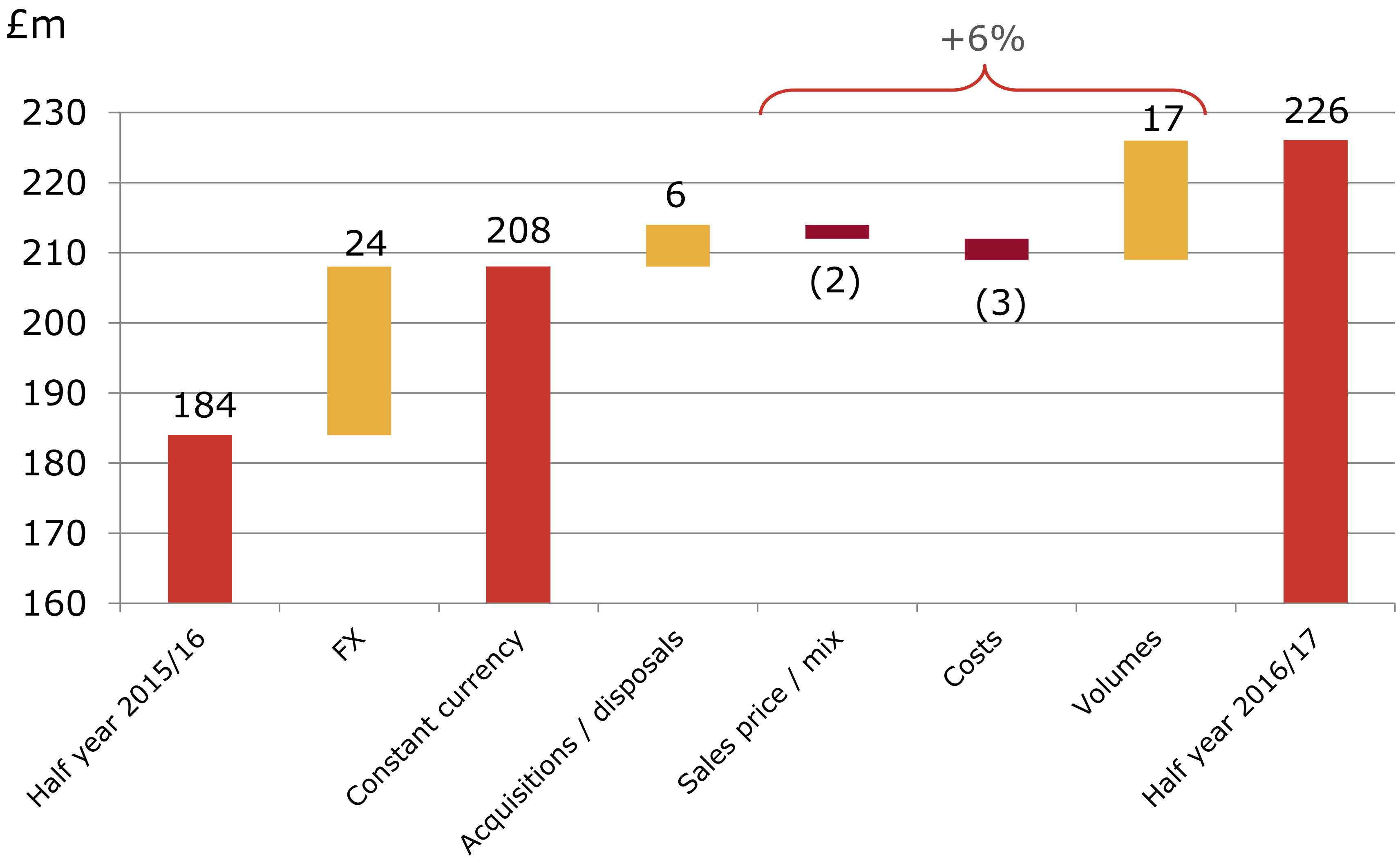
(1) Before amortisation and exceptional items
(2) Revenue divided by average capital employed for the last 12 months

Acquisitions and volumes delivering revenue growth



Note: Other volume includes plastics, paper, recycling and corrugated sheet

Profit growth from acquisitions and volumes



All regions in or above group target margin range

Return on sales	H1 2016/17	H1 2015/16	Change *Reported*	Change *Constant currency*
UK	9.7%	10.6%	-90bps	-90bps
Western Europe	8.9%	7.4%	+150bps	+150bps
DCH & Northern Europe	9.2%	10.7%	-150bps	-160bps
Central Europe & Italy	10.1%	8.9%	+120bps	+90bps
Plastics	11.2%	10.9%	+30bps	+20bps

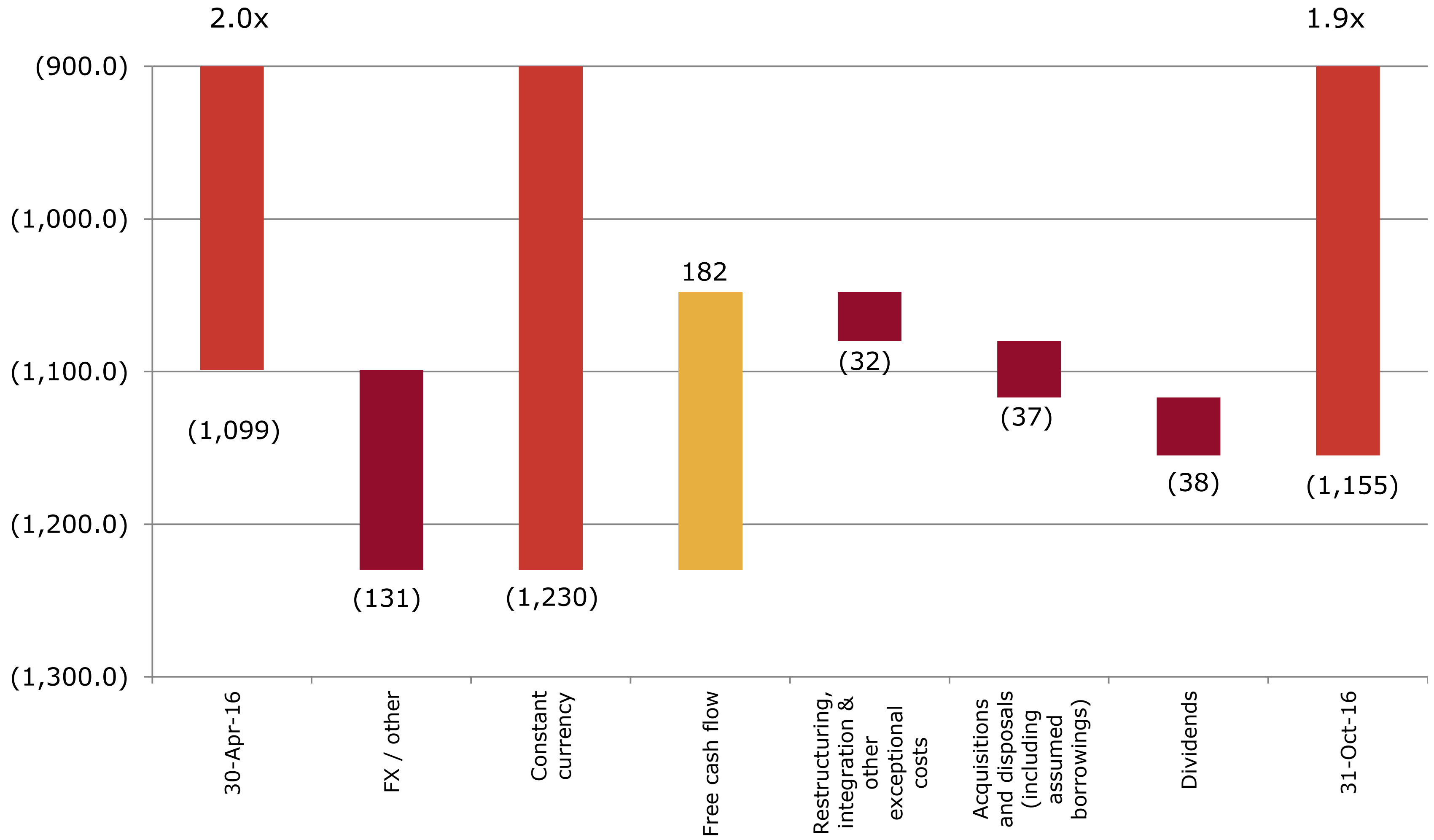
- All regions in volume growth
- All regions in or above group target margin range
- Impact of changes in input costs have impacted regions differently according to their business mix
- Plastics showing benefit of investment

Further reductions in working capital

£m	H1 2016/17	H1 2015/16
EBITDA	**300**	**244**
Working capital	35	32
Pension payments/other	(14)	(24)
Capex (net of proceeds)	(84)	(74)
Tax and interest	(55)	(35)
Free cash flow	**182**	**143**
FCF per share	**19.3p**	**15.2p**

	H1 2016/17	H1 2015/16
Average monthly working capital/sales	1.7%	1.5%

Strong free cash flow funding growth

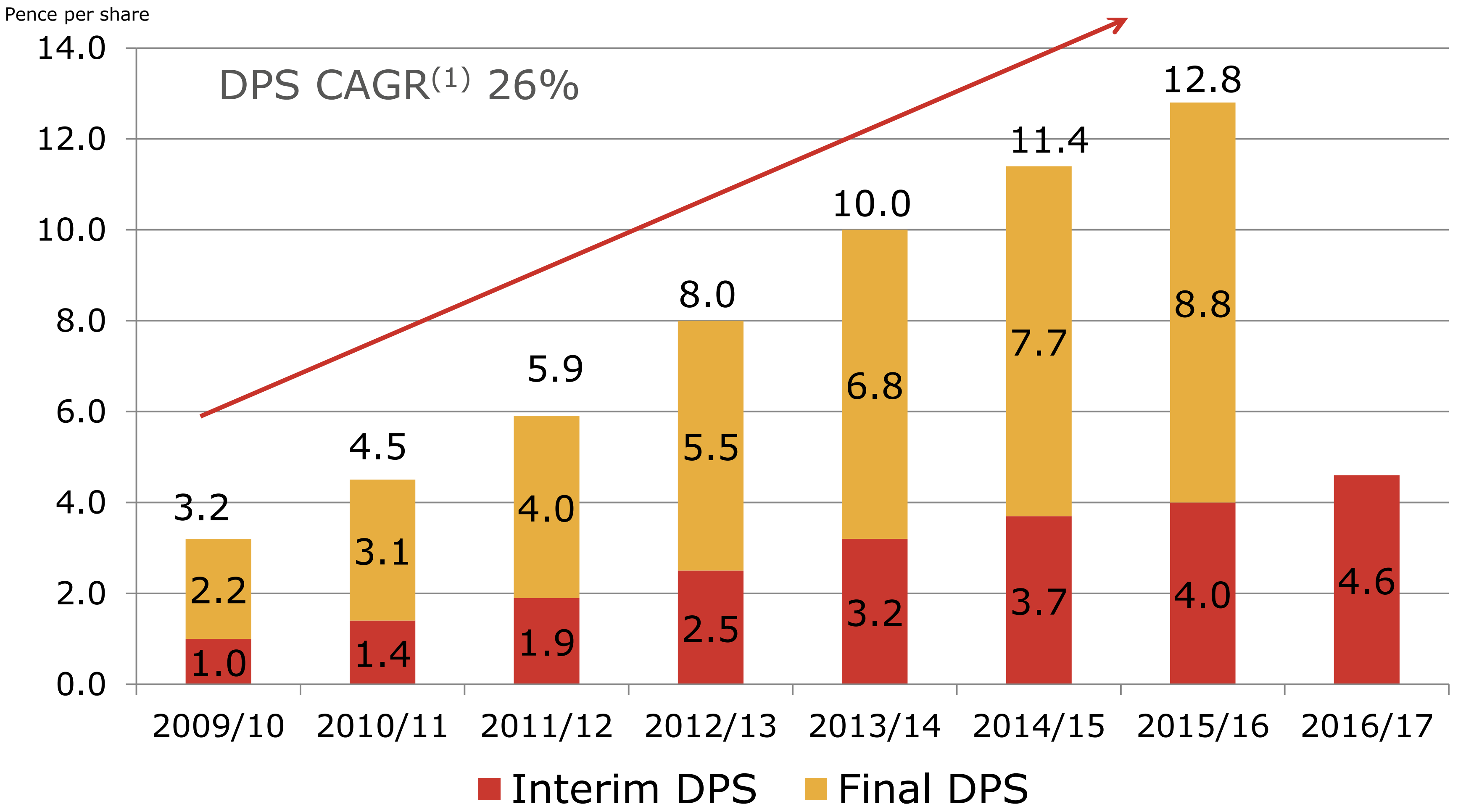


Technical guidance

For the financial year 2016/17:

- Capex c. £220m
- Depreciation c. £160m
- Tax rate 22 %
- Amortisation charge c. £60m
- Interest, inclusive of £6m IAS19 pension interest, c. £60m
- Expected exceptional costs 2016/17: c. £50m
- FX: €1c move impacts prior year EBITA by c. £2.1m

Delivering sustainable shareholder returns

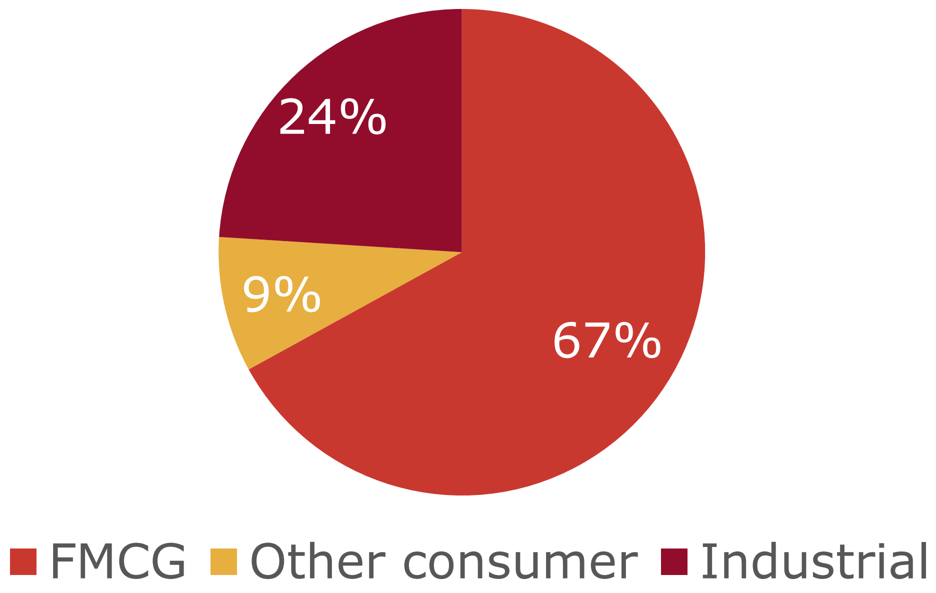


(1) 2009/10 – 2015/16

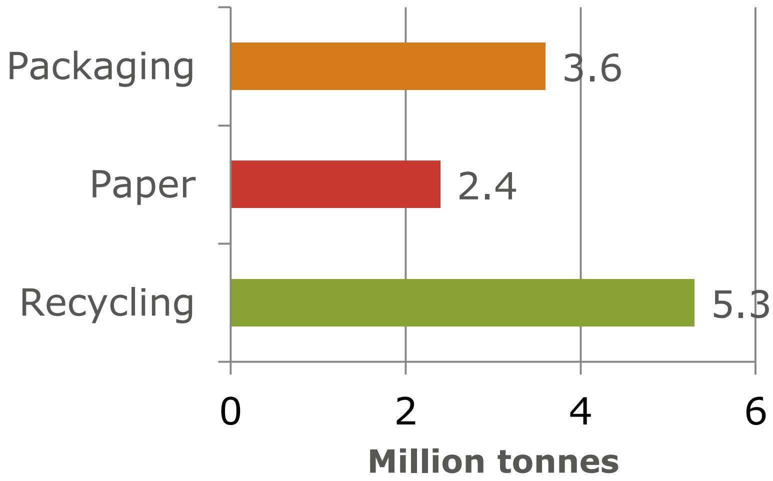
Consistent delivery
Miles Roberts, CEO

Strong business model

Box volumes H1 2016/17



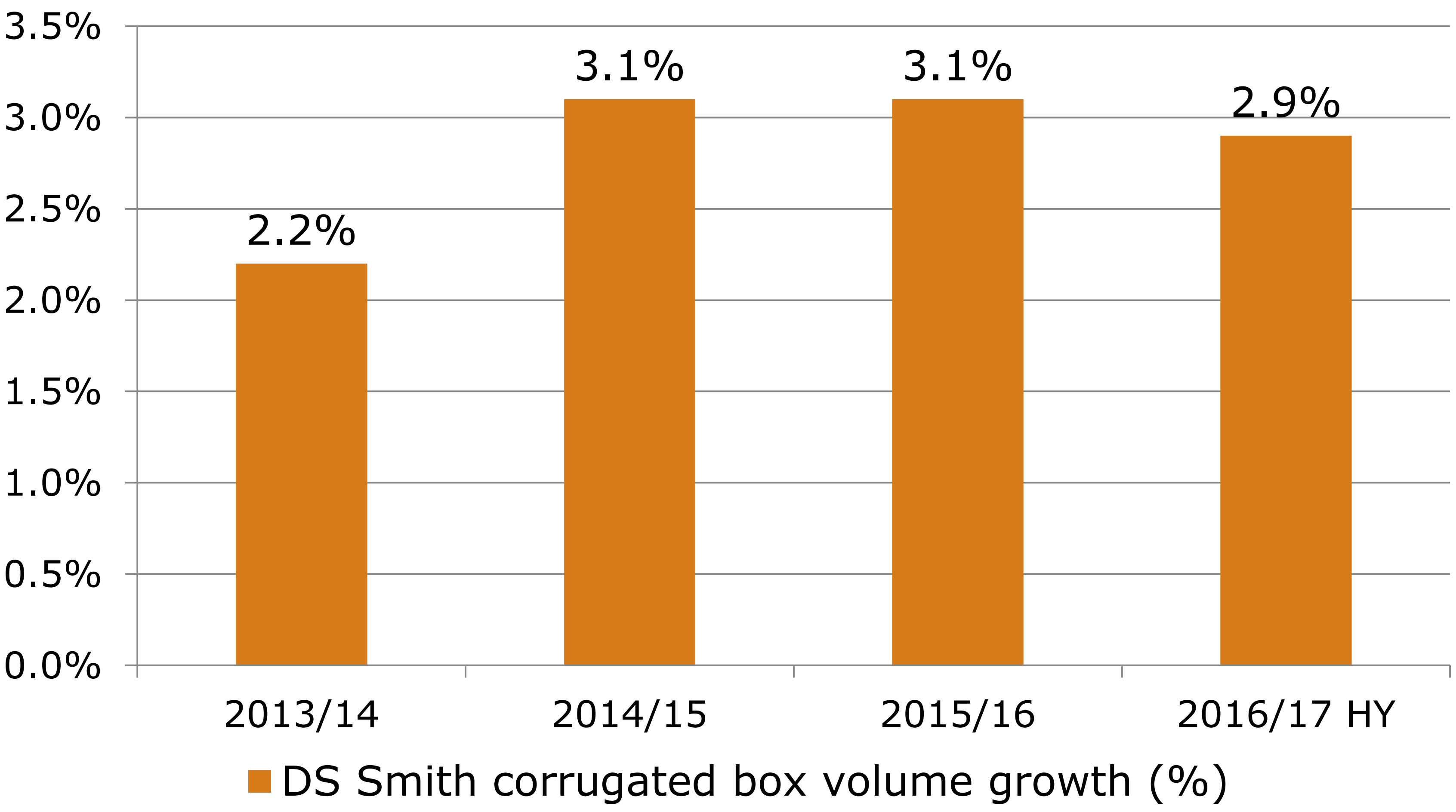
Balance of business FY 2015/16



Volume driven by **excellent performance** from **pan-European** and **e-commerce** customers

Pan-European customers c. 90% FMCG and e-commerce

Consistent volumes period-on-period



Platform for consistent growth

Growth	Cost focus
Pan-European capability	Performance packaging
Specialist in e-commerce	Global sourcing
Leader in display	Optimising the asset base

Changing consumer and customer environment

Cost conscious consumers / less brand loyalty

FMCG companies under pressure to save costs

Consolidation of suppliers to drive efficiencies and minimise costs

Packaging that maximises sales

More Sales

Lower Cost

Managed Risk

Complexity is an opportunity

Our Customers

Complex Supply Cycle

Retail channel complexity

Today → 2020

TRADITIONAL

The good, old-fashioned bricks and mortar store

E-COMMERCE

Online shopping has skyrocketed in recent years

MULTICHANNEL

Various, disconnected channels for customers to use independently

OMNICHANNEL

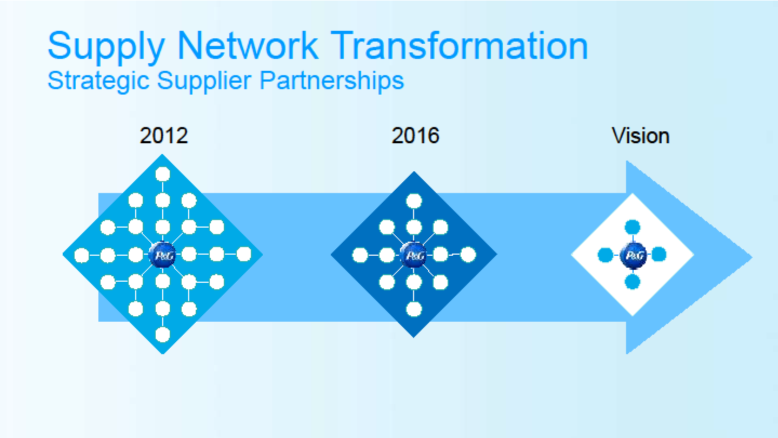
An integrated, seamless experience across multiple devices and touchpoints

Global companies want strategic suppliers

P&G capital markets day, 18 Nov 2016

"We are also **focused on more strategic supplier relationships**. We have integrated the suppliers with us and we can now leverage even more our scale, digitize the flow of information, **reducing production cost for both parties**."

Yannis Skoufalos *Global Product Supply Officer, Procter & Gamble Co., 18 Nov 2016*

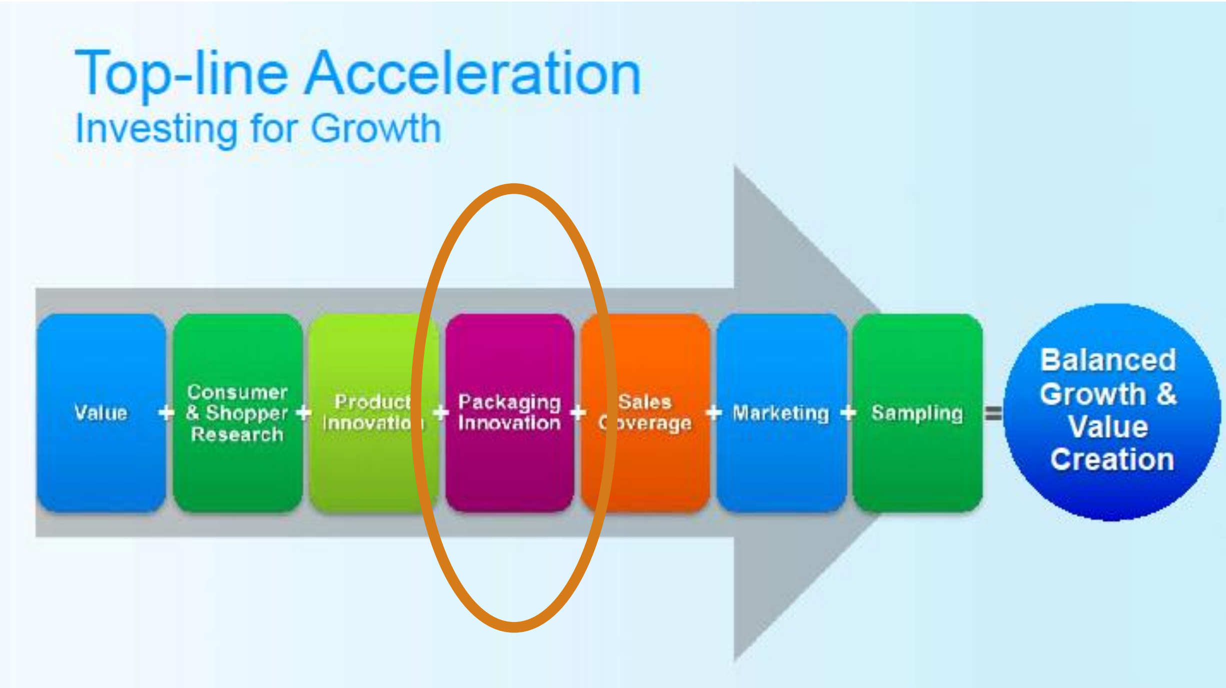


"Over the past five years, we have **reduced our total number of suppliers by roughly 20%.**"

Yannis Skoufalos *Global Product Supply Officer, Procter & Gamble Co., 18 Nov 2016*

DS Smith benefits as market consolidates around suppliers who can offer a pan-European, innovative solution

Packaging integral to sales growth for FMCG businesses



P&G capital markets day, 18 Nov 2016

"Top line growth starts and ends with the consumer and shopper and delighting them… Winning these critical moments of truth requires **consumer and shopper understanding** and insights that lead to improve product and **packaging innovations…**

We're investing in package, in product innovation and go-to-market programs that delight consumers and importantly build categories."

David S. Taylor *Chairman, President & Chief Executive Officer,*
Procter & Gamble Co, 18 Nov 2016

Changing customer and consumer environment

Reduced effectiveness of mainstream advertising

In-store decision making

"There has been a big transition from ATL (including TV) into other forms of marketing. People talk about the shift to digital, but the shift to in-store marketing is as big generally, and is probably larger in FMCG where the snap decision to purchase is made at the point of purchase without research beforehand"

Former Global Head of Shopper Marketing, Danone

"We are pioneering FSDUs as a marketing strategy and now have 30 in a store"

Area Manager, Aldi Spain

"In the medium term (5 years), I'd forecast cardboard-related display growing at 10-12% per year"

POS Trade Marketing Manager, Henkel Spain

Building the business - Display

- Specialist Display / point-of-sale design and manufacture across Europe
- In 2016, increased our expertise in the UK, Germany, Denmark, Turkey and Portugal
- Winning new business

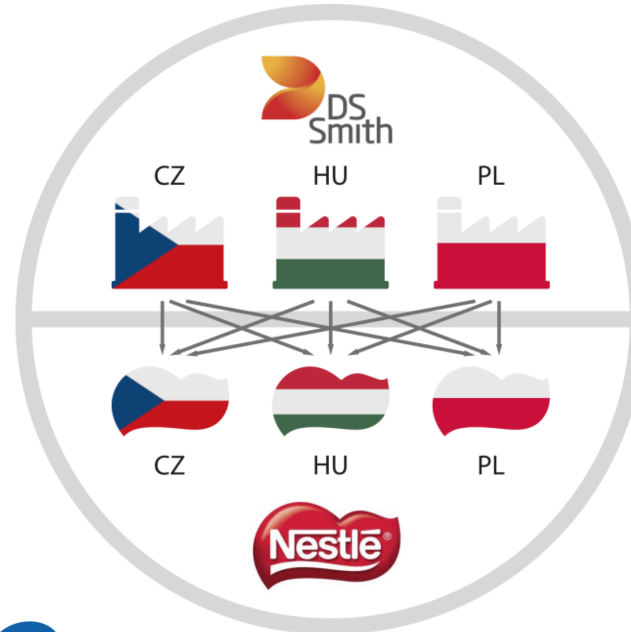
DS Smith wholly-owned corrugated operations

Associate corrugated operations

Delivering on our acquisitions

12-months+ since Duropack, Lantero and Cartonpack acquired

- Delivering well, as expected
- Growing volumes and revenues
- Deepening customer relationships
- Cost synergies
- Strong pipeline of opportunities in a fragmented market



GENERAL MILLS

Schreiber

Intersnack Group

Henkel

Key messages

- Consistent delivery due to strong business model
- Consistent volume growth
- Delivering for all our stakeholders
- Strengthening the business
- Dividend +15%
- Confident about the future

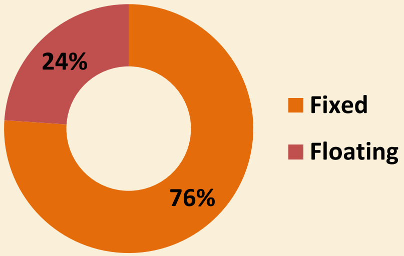
Appendix

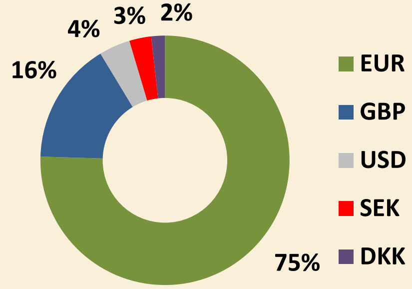
Foreign exchange exposure

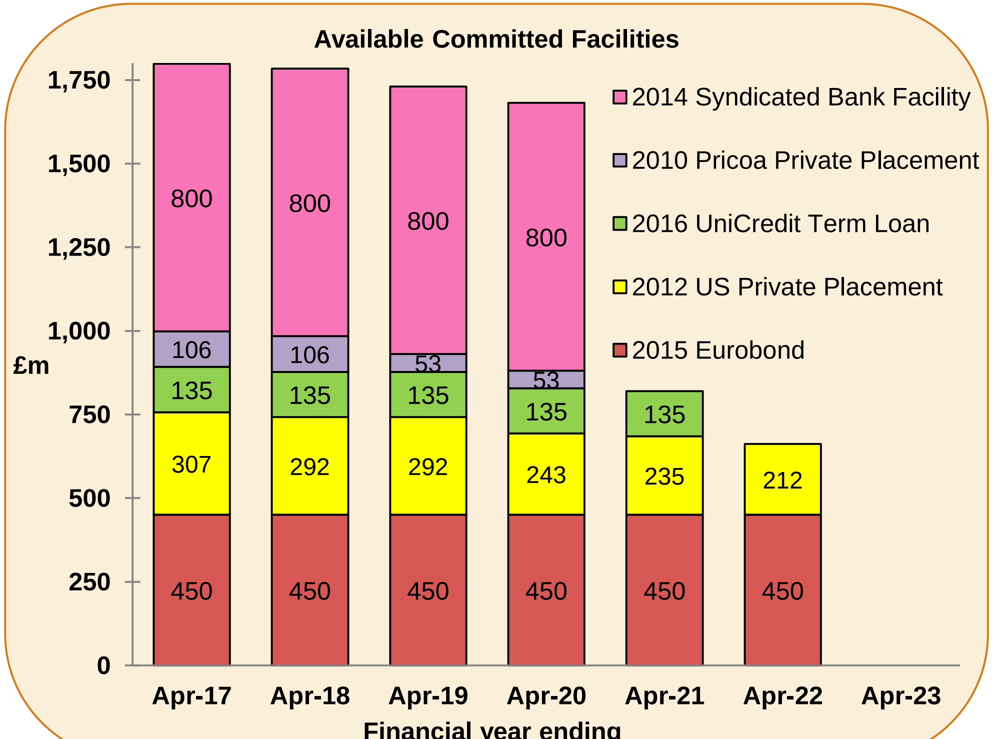
	Revenue (%)	EBITA (%)	Average rate HY 2015/16	Average rate FY 2015/16	Average rate HY 2016/17	Closing rate 31 Oct 2016
GBP	20%	11%				
EUR	62%	70%	1.3857	1.3401	1.1899	1.1105
PLN	3%	3%	5.7864	5.7321	5.1829	4.8060
SEK	3%	4%	12.9929	12.6004	11.3224	10.9550
DKK	3%	1%	10.3400	9.9082	8.7471	8.2613
USD	2%	4%	1.5470	1.4966	1.3396	1.2155
Other	7%	7%				

- Note that the difference in the GBP % of EBITA versus revenue is due the proportion of central costs in GBP

Debt analysis







Net Debt	£ 1,155m
Net Debt/ EBITDA ratio*	1.9x
EBITDA/ Net Interest ratio*	11.4x

As at 31 October 2016, the weighted average remaining life of the Group's committed borrowing facilities was 4.4 years.

* Ratios as defined in the Group’s banking agreements.